

Subject:	Proposed Review on the Effectiveness of the Audit Committee		
Date of Meeting:	14th December 2010		
Report of:	Director of Finance		
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Wards Affected:	All		

FOR GENERAL RELEASE

1. Summary and Policy Context

- 1.1 Good governance in local government has supported the introduction of Audit Committee. It is timely for a review of the effectiveness of the Audit Committee since its introduction in 2008, when it succeeded the previous Audit Panel.
- 1.2 This report provides the proposal for the review on the effectiveness that is planned to be completed by the end of February 2011 with a final report to the next meeting of the Audit Committee in April 2011.

2. Recommendation

- 2.1 That the Audit Committee members agree the proposal, make any comments and note their involvement.

3. Background Information

- 3.1 The Audit Committee succeeded the Audit Panel in April 2008. At the time a terms of reference was agreed based on the practical guidance publication produced by the Chartered Institute of Public Finance & Accountancy (CIPFA) in 2005. The guidance was written to assist local authorities establish effective Audit Committee functions to contribute to good governance.
- 3.2 Training has been provided to members of the Audit Committee on its role both at specific training sessions and as part of its meetings.
- 3.3 Since the CIPFA guidance produced in 2005, there has been a number of other best practice publications including handbooks and checklists to assist public sector organisations maintain and improve effective Audit Committees.

4. Review of Effectiveness

Approach

- 4.1 The review will be carried out by using a self-assessment checklist, taken from best practice produced by CIPFA, the National Audit Office and HM Treasury.
- 4.2 Desktop comparison will be made with other best practice and with other Audit Committees operating, principally in local authorities.
- 4.3 Interviews will be carried out with key officers and members.
- 4.4 The review will take into account the changing needs of the recently introduced council operating model, governance requirements and any future revision to the committee structure.

Outcomes

- 4.5 A full report on the outcomes of the review will be produced and circulated to key members and officers for comment and agreement before going as final to the April Audit Committee meeting.
- 4.6 To assist the Audit Committee in discharging its responsibilities. Update the Audit Committee Terms of Reference and introduce any other practical supporting guidance for members on their role.
- 4.7 To identify any training and awareness needs for members to be included in a training programme.

5. FINANCIAL & OTHER IMPLICATIONS

5.1 Financial Implications:

There are no direct financial implications associated with the review other than officer and member time. Any training requirements arising from the review would be met from existing budgets.

Finance Officer consulted: Anne Silley
Head of Business Engagement

2nd December 2010

5.2 Legal Implications:

There is no legal requirement for a review of the effectiveness of the Audit Committee. The results will, however, assist the Committee in identifying measures it may need to take in order to discharge its terms of reference more effectively; and, indeed, to determine whether those terms of reference need revising in any way

Legal Officer consulted: Oliver Dixon
Lawyer

2nd December 2010

5.3 Equalities Implications:

There are no direct equalities implications arising directly from this report

5.4 Sustainability Implications:

There are no direct sustainability implications arising from this report.

5.5 Crime & Disorder Implications:

There no direct implications for the prevention of crime and disorder arising from this report.

5.6 Risk and Opportunity Management Implications:

There no direct implications

5.7 Corporate / Citywide Implications:

Robust corporate governance arrangements are essential to the sound management of the City Council and the achievement of its objectives as set out in the Corporate Plan.

SUPPORTING DOCUMENTATION

Background Documents

1. Practical Guidance for Audit Committee, CIPFA (2005)
2. A Toolkit for Local Authority Audit Committees (2008)
3. HM Treasury Audit Committee Handbook (2008)
4. Audit Committee Checklist, National Audit Office (2009)